



News in Review

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"China is a vital player on the global stage and it is vital that we build a more sophisticated relationship"



Keir Starmer visited China last week, becoming the first British Prime Minister to meet with President Xi Jinping in eight years. Britain's relationship with China has been strained over the last decade, but Starmer is one of many European leaders currently seeking to rebuild ties.

US President Trump's policies are causing some uncertainty in Europe; as China is the world's second-largest economy, Starmer's meeting with President Xi is an attempt to regain some stability for the UK. During the meeting, Starmer told President Xi, *"China is a vital player on the global stage and it's vital that we build a more sophisticated relationship where we can identify opportunities to collaborate, but of course, also allow a meaningful dialogue on areas where we disagree."*

Starmer was positive about the meeting's outcome, announcing that UK citizens will be able to travel visa-free to China for up to 30 days. Additionally, Import Tax on whisky sold from the UK to China will halve from 10% to 5%, plus AstraZeneca confirmed plans to invest \$15bn in China by 2030. These developments are expected to support UK economic growth and improve business opportunities in China. However, the visit has drawn criticism from some Conservative MPs who have raised concerns about China's human rights record and its support for Russia.

The latest on US interest rates

Last week, the US Federal Reserve voted to

hold interest rates, which currently stand in a range between 3.5% and 3.75%. It is the first time since July that there has not been a cut to rates. The US Central Bank has been under pressure from President Trump to rapidly cut rates, but policymakers have raised concerns about elevated inflation. In a press conference, the Fed's Chair, Jerome Powell, stressed the importance of the central bank maintaining its independence.

Powell's term is due to end in May, so Trump has nominated Kevin Warsh to replace him. Warsh is a former Federal Reserve Governor who has openly criticised the central bank, calling for a *"regime change."* He also appears to be more supportive of lower interest rates.

U-turn on business rates for pubs

The government has revised its business rates reforms following backlash from pubs and music venues. In the Autumn Budget 2025, Chancellor Rachel Reeves announced major increases to business rates. UKHospitality identified that pubs would be disproportionately affected by the revaluation, with the average pub's rates projected to be £4,500 higher in 2027/28. In response to this, the government has announced a support package for pubs and music venues, granting them a 15% discount on their business rates bill from April.

Adult cash ISA balances surge

Research from Paragon Bank indicates that UK savers were increasingly making use of their cash Individual Savings Account (ISA) in 2025. Between January and October 2025, collective cash ISA balances increased by

£51.4bn to £430.1bn. This is likely in response to expectations that the cash ISA allowances would be reduced in the Autumn Budget, suggesting that Brits were aiming to protect their tax-efficient savings before changes come into effect.

Meanwhile, non-ISA balances fell by £8.7bn to £838.8bn between January-October 2025. Head of Savings at Paragon Bank, Andrew Wright, commented that this *"reflects a growing awareness that relying on the Personal Savings Allowance alone is no longer enough for many people, especially as rates remain elevated."*

Consultation into new Lifetime ISA

The government is currently reviewing the existing Lifetime ISA (LISA) with a replacement product expected to launch in April 2028. The details are yet to be announced, but it is anticipated that the new LISA will be aimed specifically at first-time buyers (FTBs), a move away from the current design, which is intended for both FTBs and retirement savers. At the moment, the government pays LISA savers a 25% bonus on monthly contributions, up to £1,000 annually. However, the new model would likely change to a single lump sum bonus paid on completion of the house purchase. There are also discussions about removing the penalty for withdrawing money that does not go towards a property.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.